

HOUSE RESEARCH

Bill Summary

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Authors: Green and others

Subject: Tax credit for overvalued property

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Overview

This bill requires the assessor to calculate and apply a tax credit against current and future property taxes due when a property is determined to have been overvalued. The look-back for calculating the credit is three years.

Section

1 **Property overvalued.**

- **Tax credit.** Establishes a property tax credit when the value of a property has been reduced by a board of appeal and equalization, including the state board of equalization, the tax court or by abatement.
- **Reduced value tax balance; credit amount.** Requires the assessor to determine the amount of the tax credit by calculating the difference between the taxes paid on a property for the past three years and the amount of taxes that would have been paid under the reduced value. Applies the credit at the rate of 25% of the current property taxes owed until the reduced value tax balance is credited in full.
- **Settlement.** Proportionately allocates the reduction in taxes payable to each jurisdiction taxing the property.